

Message Text

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63

ACTION NEA-12

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FM AMEMBASSY TOKYO

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INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

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KUWAIT PASS ABU DHABI

E. O. 61652:1 ,/ A

TAGS: ENGR, JA, TC, QA, KU

SUBJECT: JAPANESE PETROLEUM POLICY: ATTEMPTS TO
PURCHASE PARTICIPATION CRUDE OIL

REF: A. TOKYO 2364

B. KUWAIT 679

SUMMARY;; PRESS REPORTS THAT JAPAN LINE FINALLY ACCEPTED
MITI' S ADMINISTRATIVE GUIDANCE IN PURCHASE ABU DHABI
PARTICIPATION CRUDE CONFIRMED. REPORT THAT JAPANESE
COMPANIES WILL COOPERATE IN ATTEMPTS TO PURCHASE
QATAR PARTICIPATION CRUDE ALSO CONFIRMED. SEPARATE
REPORTS THAT JAPAN LINE ACTIVELY PURSUING SHARJAH PAR-
TICIPATION CRUDE AND THAT JAPANESE COMPANY SIGNED AGREE-
MENT FOR KUWAITI PARTICIPATION CRUDE BOTH DENIED. END
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SUMMARY.

1. REF A REPORTED THAT MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) HAD TRIED UNSUCCESSFULLY TO PREVENT AND THEN TO ALTER JAPAN LINE' S AGREEMENT WITH ABU DHABI GOVERNMENT FOR PURCHASE OF PARTICIPATION CRUDE. AT THAT TIME MITI INFORMED JAPAN LINE THAT APPROVAL FOR FINANCING AND MARKETING THIS CRUDE IN JAPAN WOULD NOT BE FORTHCOMING. HOWEVER, ACCORDING RECENT PRESS REPORTS, JAPAN LINE HAS NOW ACCEPTED MITI ADMINISTRATIVE GUIDANCE RE PURCHASE THIS PARTICIPATION CRUDE ON FOLLOWING BASIS: JOINT COMPANY TO BE ORGANIZED WITHIN TWO MONTHS TO MARKET CRUDE IN JAPAN WITH PRICING AT QTE INTERNATIONAL LEVEL UNQTE OF \$2.30 TO \$2.33 PER BARREL FOR INITIAL TWO OR THREE YEARS. THIS PRICING OF 5-8 CENTS UNDER JAPAN LINE' S ACTUAL PURCHASE PRICE REPRESENTS JAPAN LINE' S QTE PENALTY UNQTE. AIRA FUJITA, MANAGER, FOREIGN INFORMATION SECTION, PLANNING DEPARTMENT, DAIKYO OIL COMPANY, CONFIRMED THIS REPORT AND TOLD EMBOFF THAT DAIKYO, MARUZEN OIL, AND NIPPON MINING WILL FORM THE NEW COMPANY. SINCE INTERNATIONAL PRICE IS RISING RAPIDLY AND JAPAN LINE WILL USE ITS OWN TANKERS, LOSS TO JAPAN LINE FROM INITIAL PRICING WILL BE MINIMIZED.

2. IN CONNECTION WITH PRESS REPORTS THAT MITSUBISHI CORPORATION, SUMITOMO CORPORATION, NISSEO- IWAI COMPANY, AND SEVEN OTHER COMPANIES SEPARATELY NEGOTIATING WITH QATAR FOR DIRECT PURCHASE PARTICIPATION CRUDE, RYOHEI SUZUKI, DIRECTOR, MITI OIL POLICY DIVISION, TOLD EMBOFF THAT THREE FIRMS NAMED ABOVE HAVE AGREED TO MITI' S QTE GUIDANCE UNQTE THAT THEY NEGOTIATE JOINTLY WITH QATAR GOVERNMENT IN ORDER TO AVOID COMPETITION AMONG JAPANESE FIRMS.

3. SUZUKI (AND ISHIDA, GENERAL AFFAIRS SECTION, JAPAN LINE) DENIED ANY KNOWLEDGE OF MARCH 9 PRESS REPORT THAT JAPAN LINE WILL PROBABLY BUY SHARJAH PARTICIPATION CRUDE WHEN PRODUCTION BEGINS AT ABU MUSU (PHONETIC) OIL FIELD.

4. SUZUKI, ISHIDA AND G. S. DAVIS, FAR EAST COORDINATOR, FUWAIT NATIONAL PETROLEUM COMPANY, ALSO DENIED ANY KNOWLEDGE OF INFO CONTAINED KUWAITI PRESS REPORT REF B LIMITED OFFICIAL USE

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THAT JAPANESE COMPANY (PRESUMABLY JAPAN LINE) HAD CON-
CLUDED AGREEMENT FOR KUWAITI PARTICIPATION CRUDE.

5. COMMENT. MITI' S SUCCESS IN GAINING MODICUM OF
INFLUENCE OVER JAPAN LINE IN ABU DHABI AGREEMENT AND
ITS SUCCESSFUL APPLICATION OF ADMINISTRATIVE GUIDANCE
DURING PRELIMINARY STAGES OF NEGOTIATIONS IN QATAR
INDICATE THAT MITI HAS GAINED SOME CONTROL OVER
NEGOTIATIONS BETWEEN JAPANESE COMPANIES AND OIL PRO-
DUCING GOVERNMENTS FOR DIRECT PURCHASE OF CRUDE OIL.
INGERSOLL

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